

BILL # HB 2532

TITLE: tuition waivers; dependent children

SPONSOR: Bradley

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Lorenzo Martinez

FISCAL ANALYSIS

Description

HB 2532 would provide community college and university tuition waivers to dependent children pursuant to Title 8, Chapter 10 and who meet admission requirements. As written, the language in HB 2532 would apply to any child that has had contact with the system pursuant to Title 8, Chapter 10, as opposed to only those children who have become wards of the state via termination of parental rights.

Estimated Impact

The maximum estimated General Fund impact from community college and university formula requirements is \$9,918,900 in FY 2005 and \$10,474,600 in FY 2006. By FY 2011 the General Fund impact would be constant at \$2,988,300 (at current formula requirements). These estimates assume the waivers would be applied to students who otherwise would not have enrolled in a community college or university. The following table shows the estimated General Fund requirements from FY 2005 to FY 2011.

	General Fund Impact						
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Comm. Coll.	\$2,274,000	\$ 2,401,300	\$ 254,700	\$ 254,700	\$ 254,700	\$ 254,700	\$ 254,700
Universities	7,644,900	8,073,300	11,143,500	11,719,800	12,296,100	5,227,500	2,733,600
Total	\$9,918,900	\$10,474,600	\$11,398,200	\$11,974,500	\$12,550,800	\$5,482,200	\$2,988,300

No impact to the community colleges or universities is assumed from the loss of tuition collections since the waivers are assumed to be applied to students who otherwise would not have enrolled.

Analysis

No information is available on how many dependent children currently enroll in a community college or university. In order to estimate the maximum potential impact, this analysis assumes that all eligible children will enroll in a community college or university, but would not have otherwise enrolled without the waiver.

Based on historical Department of Economic Security (DES) populations, JLBC Staff estimates that there are over 4,200 dependent children under Title 8, Chapter 10 who are age 18 and less than 21. Of these, DES estimates that approximately 85%, or 3,570, have a high school diploma or equivalent and would be eligible for tuition waivers under the proposed legislation. Based on current enrollments, 58% of higher education resident students enroll in the community colleges and 42% in the universities. This would imply 2,070 new community college students and 1,499 new university students in the first year of the program. After the first year, it is estimated that 200 children will turn 18 and become eligible for tuition waivers each year.

Community college students are assumed to stay in the community college system for 2 years. After 2 years, 25% of the community college students are estimated to transfer to the university system. The historical transfer rate is approximately 12%, however, the rate is increased on the assumption that the tuition waivers will provide an incentive to continue at the university level. Based on graduation rates, these community college transfers are estimated to stay in the university system for 4 years (in addition to the 2 years in the community college system). Dependent children who enter the university system directly are assumed to take 5 years to graduate (based on current graduation rates).

Based on these timelines, the maximum new community college FTSE from this legislation is estimated to be 2,071 in FY 2005, 2,187 in FY 2006 and 232 each year thereafter. The maximum new university enrollment from this legislation is estimated to be 1,499 in FY 2005, then increase to 2,643 by FY 2009, and become constant at 536 by FY 2011. The following table shows the estimated enrollments from FY 2005 to FY 2011.

	Estimated Enrollment						
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Comm. Coll.	2,071	2,187	232	232	232	232	232
Transfers	0	0	518	29	29	29	29
Universities	1,499	1,583	1,667	2,269	2,382	996	507
Total	3,570	3,770	2,417	2,530	2,643	1,257	768

Statutory formulas would require \$1,098 (weighted average for FY 2004 operating and capital) from the General Fund per full-time student equivalent (FTSE) for the community college system. Traditional formula requirements for the university system would require \$5,100 from the General Fund per FTSE.

If all eligible children enroll, but would not have otherwise enrolled, the FY 2005 General Fund funding requirement would be \$2,274,000 for the community colleges and \$7,644,900 for the universities. The total funding requirement would peak in FY 2009 at \$254,700 for the community colleges and \$12,296,100 for the universities. Beginning in FY 2011, funding requirements would become constant at \$254,700 for the community colleges and \$2,733,600 for the universities.

Since the assumption is that these students would not have enrolled without the waivers, there is no estimated impact to the community colleges or universities from the tuition losses.

Local Government Impact

None

2/13/04